

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06  
LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 /101 W  
-----099797 311226Z /10

R 311100Z JAN 78  
FM AMEMBASSY LOME  
TO SECSTATE WASHDC 3476

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EO 11652: N/A  
TAGS: EINV EIND EFIN TO  
SUBJ: UPDATE OF INVESTMENT CLIMATE STATEMENT: TOGO

REF: A 77 STATE 244738 B 75 LOME 1764

FOLLOWING IS SUMMARY UPDATE OF INVESTMENT CLIMATE STATE-  
MENT FOR TOGO. LONGER AIRGRAM FOLLOWS.

### A. DIRECT FOREIGN INVESTMENT

1. GENERAL GOVERNMENT ATTITUDE TOWARD FOREIGN PRIVATE  
INVESTMENT: TOGO ACTIVELY SEARCHES FOR FOREIGN PARTICIPATION  
IN ITS GROWING INDUSTRIAL BASE. THE GOVERNMENT IS ABOUT TO  
ANNOUNCE A NEW LIBERAL INVESTMENT CODE PROVIDING MOST NEW  
INVESTMENTS WITH CUSTOMS DUTY AND TAX EXONERATION AND  
GUARANTEEING THE RIGHT TO PROFIT REPATRIATION.

2. MAJOR LAWS AFFECTING INCOMING INVESTMENTS: THE MAJOR  
LAW GOVERNING INVESTMENTS IS THE INVESTMENT CODE OF TOGO.  
IN ADDITION TO THE INVESTMENT CODE OF TOGO ALL NEW VENTURES  
WILL BE AFFECTED BY IMPORT-EXPORT LICENSE LAWS, THE TAX  
STRUCTURE, AND THE LABOR CODE.

3. DIFFERENCE, IF ANY, BETWEEN OFFICIAL POSITIONS AND  
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MANNER IN WHICH RELEVANT LAWS ARE ENFORCED: THERE APPEARS  
TO BE NO DIFFERENCE BETWEEN OFFICIAL POSITIONS AND THE MANNER  
IN WHICH THE LAWS ARE ENFORCED. DISCRIMINATION AGAINST FOREIGN  
INVESTORS IS SPECIFICALLY PROHIBITED.

### B. ECONOMIC FACTORS

1. RESOURCE BASE AND SUPPLY AVAILABILITY: TOGO IS A

SMALL COUNTRY OF LIMITED RESOURCES WHICH RELIES HEAVILY ON THREE PRODUCTS: PHOSPHATE, COCOA AND COFFEE. TOGO IS STRIVING TO BROADEN ITS AGRICULTURAL AND INDUSTRIAL BASE. IN THE MEANTIME, MOST EUROPEAN PRODUCTS ARE AVAILABLE ON THE MARKET AND THE SUPPLY LINE FROM EUROPE IS GOOD.

2. INFRASTRUCTURE: TOGO HAS A MODERN PORT FACILITY AT LOME WHICH IS EQUIPPED TO HANDLE CONTAINERIZED TRAFFIC. AROUND THE PORT IS A FREE TRADE ZONE WITH LAND AVAILABLE FOR WAREHOUSING AND MANUFACTURE. THERE ARE 445 KILOMETERS OF RAILROAD IN TOGO AND 1,210 KILOMETERS OF PAVED ROAD. TOGO CURRENTLY RECEIVES 50 PERCENT OF ITS POWER FROM THE ASKOSOMB DAM IN GHANA. CONSTRUCTION SHOULD SHORTLY BEGIN ON A 120 MEGAWATT POWER PLANT. ON APRIL 27, 1978 A LAND STATION FOR SATELLITE COMMUNICATIONS WILL BE INAUGURATED.

3. DOMESTIC ECONOMIC OUTLOOK: THE ECONOMIC OUTLOOK FOR TOGO IS FOR CONTINUED PROGRESS, ALTHOUGH THE 13.5 AVERAGE GROWTH RATE OF THE LAST TEN YEARS WILL PROBABLY NOT BE MAINTAINED.

#### C. FINANCIAL INCENTIVES AND DISINCENTIVES

1. DISCRIMINATORY OR PREFERENTIAL TARIFF POLICY AND/OR TAX TREATMENT: THERE ARE FOUR CATEGORIES OF BUSINESSES SPECIFIED IN THE INVESTMENT CODE WHICH ARE ELIGIBLE FOR PREFERENTIAL TARIFF AND TAX TREATMENT. THEY ARE: SMALL UNCLASSIFIED

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AND MEDIUM SIZED TOGOLESE BUSINESSES, BUSINESSES ELIGIBLE FOR THE COMMON LAW REGIME, PRIORITY BUSINESSES, AND PRIORITY BUSINESSES APPROVED FOR THE FISCAL AND LONG-TERM REGIME.

2. PROFIT REPATRIATION: THE INVESTMENT CODE OF TOGO GUARANTEES THE RIGHT TO REPATRIATE PROFITS WITHIN THE FRAMEWORK OF EXCHANGE REGULATIONS.

3. ADMINISTRATIVE FACTORS RELATING TO FINANCIAL AFFAIRS: PROBABLY THE MOST IMPORTANT OF THE ADMINISTRATIVE FACTORS RELATING TO FINANCIAL AFFAIRS ARE CURRENCY REGULATIONS AND THE OPERATION OF THE FRANC ZONE. BOTH GIVE DE FACTO ADVANTAGE TO FRENCH-TOGOLESE TRADE.

#### D. DEVELOPMENT POLICY

1. INVESTMENT SCREENING, SECTORAL OR GEOGRAPHICAL PREFERENCES OR RESTRICTIONS: THE INVESTMENT CODE ESTABLISHES THREE GEOGRAPHICAL ZONES. TAX EXEMPTIONS OF DIFFERING DEGREES ARE OFFERED FOR TWO OF THE ZONES.

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2. INCENTIVES OR REQUIREMENTS CONCERNING IMPORT SUBSTITUTION: NON-FOREIGN INVESTMENTS IN IMPORT-SUBSTITUTION INDUSTRIES CAN NEGOTIATE INCENTIVES, ALTHOUGH NO FORMAL PROVISIONS EXIST.

3. EXPORT OR LOCAL MARKET PRODUCTION QUOTAS: NONE.

4. POLICIES RELATING TO CONTINUED INVESTMENT EXPENDITURE: MAJOR PLANT EXPANSIONS OR MODERNIZATIONS CAN QUALIFY FOR DUTY AND TAX BENEFITS UNDER THE NEW INVESTMENT CODE.

5. PATENT LAWS, ROYALTY POLICY AND/OR OTHER REQUIREMENTS AFFECTING TECHNOLOGY TRANSFER: TOGO DOES NOT HAVE A CODIFIED POLICY FOR DEALING WITH PATENTS AND ROYALTIES. THERE ARE SOME SCATTERED DECREES BUT THEY ARE NOT ORIENTED TOWARDS TRANSFERS OF SCIENTIFIC TECHNOLOGY.

E. LABOR FACTORS

1. AVAILABILITY: THE LABOR SUPPLY IS ADEQUATE TO GOOD. THE MAJORITY OF WORKERS ARE UNSKILLED AND TRAINING WOULD BE NEEDED IN ALMOST ANY ENTERPRISE TO BE UNDERTAKEN.

2. SPECIAL HIRING PRACTICES OR COMPENSATION POLICY: TOGOLESE LABORERS ARE COVERED BY SOCIAL SECURITY AT THE RATE OF 24 PERCENT.

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3. GENERAL LABOR-MANAGEMENT RELATIONS: EXCELLENT.

4. EFFECT OF LABOR FACTORS ON CHOICE OF TECHNOLOGY:  
DEPENDING ON THE TYPE OF COMMITMENT THE INVETOR IS WILLING  
TO MAKE TO TRAINING RELATIVELY UNSKILLED TOGOLESE LABOR, ANY  
LEVEL OF TECHNOLOGY CAN BE INTRODUCED. HIGH TECHNOLOGY  
FIELDS WOULD INITIALLY REQUIRE EXPATRIATE MANAGEMENT.

F. OWNERSHIP POLICY AND INVESTMENT DISPUTES

1. REQUIREMENTS FOR JOINT VENTURES (VRIVATE OR  
GOVERNMENT PARTNERSHIP): THE TOGOLESE GOVERNMENT DOES NOT  
DEMAND THAT FOREIGN INVESTORS ENTER INTO JOINT VENTURES  
WITH EITHER PRIVATE OR GOVERNMENT PARTNERS. IF, HOWEVER,  
ONE WISHES TO QUALIFY AS A SMALL OR MEDIUM SIZED TOGOLESE  
BUSINESS THEN MAJORITY CAPITAL (51 PERCENT) MUST BE HELD  
BY A TOGOLESE PARTNER.

2. LOCAL MANAGEMENT PARTICIPATION OR CONTROL: THERE  
ARE NO REQUIREMENTS FOR LOCAL MANAGEMENT OR PARTICIPATION  
EXCEPT IN THE CASE OF SMALL AND MEDIUM SIZED TOGOLESE BUSINESSES.

7. RECORD ON INVESTMENT DISPUTES: GOOD

4. SIGNIFICANT OR OUTSTANDING CASES: NONE

G. STATUS OF OPIC PROGRAMS

OPIC POLITICAL RISK INSURANCE ISRAVAILABLE TO POTENTIAL  
INVDSTORS. THERE ARE NO OPIC PROGRAMS IN TOGO AT THIS TIME.

H. ANALYSIS OF SIGNIFICANT CHANGES IN INVESTMENT POLICIES,  
LAWS OR REGULATIONS THAT MAY CHANGE IN THE NEAR FUTURE:  
TOGO IS ABOUT TO APPROVE A NEW INVESTMENT CODE. THIS TELE-  
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GRAM IS BASED ON THE NEW CODE.

I. STATISTICAL INFORMATION

1. ESTIMATE OF US BOOK INVESTMENT: US DIRECT INVEST-  
MENT IN TOGO IS LESS THAN \$4 MILLION.

2. OTHER DEVELOPED COUNTRIES:

A) FRANCE: FRENCH INVESTMENT IN TOGO IS ESTIMATEDJBY THEIR EMBASSY TO  
BE AROUND \$15.25 MILLION (THIS MAY BE  
UNDERESTIMATED.

B. FRG: THE GERMAN EMBASSY ESTIMATES THAT GERMAN  
INVESTMENT IN TOGO IS APPROX \$22 MILLION.

L. ASSESSMENT 1977 AND OUTLOOK FOR 1978

THE OUTLOOK FOR FOREIGN INVESTMENT IN 1978 IS GOOD AS

THE GOT WILL BE ACTIVELY SEEKING CAPITAL PARTICIPATION IN A  
WIDE RANGE OF PROJECTS. PALMER

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 31 jan 1978  
**Decaption Date:** 01 jan 1960  
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**Type:** TE  
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